

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application) Application No. NUSF-10
of NebCom and Northeast Nebraska)
Telephone Company of Jackson,)
Nebraska, seeking a waiver to)
extend the time for filing the) WAIVER GRANTED
local rate rebalancing part of)
the transition plans required)
in Docket No. C-1628.) Entered: September 21, 1999

APPEARANCES:

For the Applicants:	For the Commission:
Steven G. Seglin	Chris A. Post
Crosby, Guenzel, et. al.	Legal Counsel
134 S. 13th St., Suite 400	P.O. Box 94927
Lincoln, NE 68508	Lincoln, NE 68509-4927

BY THE COMMISSION:

By application filed May 3, 1999, NebCom and Northeast Nebraska Telephone Company (Applicants) requested that they be granted a waiver to extend the time for filing the local rate rebalancing part of the transition plans required in Application No. C-1628. Notice of the application was published in The Daily Record, Omaha, Nebraska, on May 14, 1999. A public hearing was held on August 31, 1999, in the Commission Hearing Room, Lincoln, Nebraska, with appearances as shown above.

E V I D E N C E

In support of its application, the applicants produced one witness, Emory Graffis, general manager, who testified as follows:

Mr. Graffis acknowledged that on January 13, 1999, the Commission issued an order in Application No. C-1628 that required incumbent telephone companies to file plans that transitioned local rates to presubscribed targets of \$17.50 for residential and \$27.50 for businesses. However, he indicated that the applicants were in the planning stages of a major capital improvement program whose implementation would deliver significant benefits to their subscribers. Therefore, the applicants are seeking a waiver from increasing local rates for a period of twelve months.

Mr. Graffis testified that the applicants were compliant with the Commission's order in regards to lowering access. However, because applicants' access rates were already low, the new plan rates do not result in significant reductions for the companies. As such, the applicants did not need to increase local rates in year one and would not draw from the Nebraska Universal Service Fund.

Mr. Graffis agreed that if the applicants were to request a variance from the benchmark levels in years two, three and four of

the transition period, that the companies would need to file an application for a waiver. While Mr. Graffis was unsure as to whether the applicants would request additional waivers, he indicated that on or before April 30, 2000, the companies would file a plan that would either raise the local rates by the maximum allowed or file a waiver request at that time.

Mr. Pursley, director of the Nebraska Universal Service Fund Department, testified as follows:

Mr. Pursley agreed that if the Commission was to grant this waiver, there would appear to be a minimal impact to the fund. However, he noted that the Commission still needs to review a number of issues regarding the connection between access reductions and local rates.

O P I N I O N A N D F I N D I N G S

The Commission is of the opinion and finds that the request for a twelve-month waiver to file the local rate rebalancing part of the transition plan is reasonable based upon the reasons set forth above.

However, the Commission remains committed to providing for comparable rates for comparable services across the state of Nebraska. To the extent that access rates are priced above actual cost, implicit subsidies still remain. The federal Telecommunications Act of 1996 states that all implicit subsidies must be removed to effectively promote competition. As such, the Commission remains dedicated to the requirements outlined in Application No. C-1628/NUSF.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that the waiver to extend the time for filing the local rate rebalancing part of the transition plan be, and it is hereby, approved.

IT IS FURTHER ORDERED that both NebCom and Northeast Nebraska Telephone Company have until April 30, 2000, to file a local rate rebalancing plan to set forth the necessary rate increases to transition local rates to the benchmarks of \$17.50 for residential and \$27.50 for business during the remaining portion of the transition period.

MADE AND ENTERED at Lincoln, Nebraska, this 21st day of September, 1999.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chairman

ATTEST:

Executive Director

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